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UNITED STATES GENERAL ACCOUNTING OFFICE
REGIONAL OFFICE
ROOM 1800 FEDERAL OFFICE BUILDING
911 WALNUT STREET
KANSAS CITY, MISSOURI 64106

May 11, 1971

Mr. Jeffrey P. Hillelson
Regional Administrator
General Services Administration
1500 East Bannister Road
Kansas City, Missouri 64131



Dear Mr. Hillelson:

We have made a review directed toward the settlement of accounts of accountable officers at the Kansas City Accounting Center. The period of our review was for fiscal years 1968, 1969, and 1970. Our review was made pursuant to the Budget and Accounting Act, 1921 (31 U.S.C. 53), and the Accounting and Auditing Act of 1950 (31 U.S.C. 67).

Our review comprised an evaluation of controls over cash receipts and disbursements, including payrolls and related administrative practices. We reviewed selected transactions, placing primary emphasis on the adequacy and effectiveness of administrative procedures and controls for the types of transactions reviewed. We included a review of internal audits as one of the significant controls. Results of internal audit work performed by the Office of Audits and Compliance were used to supplement and reduce our work in selected areas after we had tested the internal audits.

Administrative procedures and controls for the types of transactions we reviewed were generally adequate and effective. However, we noted the following opportunities to improve procedures and controls.

PAYMENTS TO DELINQUENT VENDORS
NOT OFFSET TO COLLECT MONEY
DUE THE GOVERNMENT

We found that General Services Administration (GSA), Kansas City Accounting Center, made payments, of which about \$23,000 could have been offset, to 13 vendors and contractors with delinquent Government accounts. Title 4, Part 102.3 of the Code of Federal Regulations provides that appropriate use should be made of the cooperative efforts of other agencies in effecting collections by offset, including utilization of the Army Hold-up List, and all agencies are enjoined to cooperate in this effort.

Payments were made to contractors listed on the Army's Hold-up List No. 89 dated 31 March 70. Offsets of about \$14,000 were not made against payments to seven contractors for the months of May 1970 through August 1970.

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Also, payments were made to six delinquent GSA vendors. Our review showed that offsets of about \$9,000 were not made against these payments. One vendor had a delinquent account of about \$19,800 at September 22, 1968, but from October 30, 1968 to January 20, 1969, GSA paid the vendor more than \$8,200 without making an offset. The vendor was adjudicated bankrupt and a claim letter was sent to the trustee in February 1970.

We discussed this finding with GSA personnel who said that a list of delinquent contractors would be submitted each quarter to the Accounts Payable Branch to provide data for applicable offsets. They stated that they had reemphasized to staff in the Accounts Payable Branch that offsets should be made from the delinquent lists and the Army Hold-up List whenever possible.

We believe that the indicated corrective measures should suffice if adequately implemented. We recommend that the Regional Administrator have the procedures followed-up to ensure that they are being implemented.

AGED DELINQUENT ACCOUNTS
NOT SUBMITTED FOR INCLUSION
ON ARMY HOLD-UP LIST

GSA personnel stated that they submit accounts to the Department of the Army for listing in the Army Hold-up List only when the accounts are finally submitted to the General Accounting Office as uncollectible. The GAO Manual for Guidance of Federal Agencies, Title 4, Section 61.2 provides that agencies should fully utilize the Army Hold-up List in collecting debts from contractors as provided in 4 CFR 102.3 before the debts are reported to GAO as administratively uncollectible.

We found that GSA, Kansas City Accounting Center, did not submit 14 accounts, which became delinquent before July 1969, for inclusion on the Army's Hold-up List.

Agency personnel indicated they would review periodically each delinquent account and when appropriate submit them for inclusion in the Army Hold-up List. We had advised agency personnel in October and December 1970, that these accounts were not submitted for inclusion in the Hold-up List. In April 1971, they told us that two accounts were settled and that the others would be submitted for inclusion on the Army Hold-up List. On May 6, 1971, however, they said the 12 accounts had still not been submitted.

PER DIEM PAID TO EMPLOYEES FOR RETURN
TO DUTY STATION WITHIN 30 MINUTES
AFTER BEGINNING OF QUARTER DAY

GSA paid each of four claims for a quarter day per diem, although employees returned within 30 minutes after the beginning of a quarter day. GSA Administrative Manual DOA 5410.1, Chapter 7-11(5)(C) provides that if

the time of departure is within 30 minutes prior to the end of a quarter day, or the time of return is within 30 minutes after the beginning of a quarter day, per diem for such quarter day shall not be allowed unless a statement is included on the travel voucher explaining the official necessity for the time of departure or return. Such a statement was not included on the four travel vouchers we questioned, and in each instance the employee was traveling by automobile.

GSA personnel stated that they would collect the overpayments and instruct the voucher clerks to deduct claims for per diem when the time of return of the traveler to his duty station by automobile is within 30 minutes after the beginning of a quarter day.

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We would appreciate your comments on this report, including any additional corrective action you take as a result of our findings.

Copies of this report are being sent to the Administrator of General Services and to the Office of Audits and Compliance, Midwestern Area Office.

We wish to acknowledge the courtesies and cooperation extended to our staff during the review.

Sincerely yours,



A. E. Burrow
Assistant Regional Manager